



BURBANK POLICE OFFICERS' ASSOCIATION

May 23, 2012

Dear City of Burbank Retirement Plans Committee,

Members: Bruno Jeider (BMA), Darren Borders (BCEA), Grant Stevens (BFF), Justin Hess, Judie Wilke, Cindy Girello, and Terry Stevenson

Subject: Request for allowing individual stock and ETF purchases in our 457 Plan

It recently came to our attention that some of our members were advised individual stock and ETF purchases were allowed under the ICMA brokerage account in our 457 plan. After some confusion and misinformation from ICMA, we have learned these types of transactions are not allowed, contrary to the information originally provided. The BPOA respectfully requests the committee consider adding this option. We believe additional investment options for our membership would allow individuals more freedom in how they invest their money.

By limiting investment options to only mutual funds, our members are denied additional opportunities to produce greater returns. The use of stocks and ETF's can actually reduce the risk to the employee, as it allows them to utilize other investment options to help diversify and protect their portfolio.

Some of our members have expressed a strong interest in adding individual stock and ETF transactions. We understand the committee wants to help protect investors and limit exposure to potential losses. This risk exposure could be addressed through the setting of reasonable limitations to help balance the demands of more sophisticated investors and those of the average investor. ICMA already limits the amount an employee can place in the brokerage account because a balance of \$30,000 must be maintained in the ICMA account. Additional effort is required to set up the brokerage account. We believe more sophisticated investors are the ones more likely to put forth this extra effort. A limit to the percentage of stocks and ETF's in brokerage account, 50% for example, could be put in place by your committee, should you decide additional limitations are necessary.

Since brokerage accounts are already allowed, it doesn't seem there would be any significant additional cost associated with this change. Any additional cost could be covered by an appropriate transaction fee, paid by the investor, not the city. This would pass the cost onto those actually participating in these types of transactions.

We respectfully request your consideration on this issue and would be happy to participate in any related discussions.

Sincerely,


Mark Armendariz
President, Burbank Police Officers' Association